

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 94-390-E - ORDER NO. 94-1242 ✓
DECEMBER 7, 1994

IN RE: Petition of Duke Power Company for) ORDER
Approval of the Transfer of Property) APPROVING
in South Carolina to SCE&G.) STIPULATION

On or about June 29, 1994, Duke Power Company (Duke) filed a Petition with the Public Service Commission of South Carolina (the Commission) for approval of the disposition of the Urquhart Combustion Turbine and associated facilities. Duke states in the Petition that the Urquhart facilities consist of the 15 megawatt Westinghouse Urquhart Combustion Turbine and associated facilities, which are no longer required for utility operations. In conjunction with the Duke filing, South Carolina Electric & Gas Company (SCE&G) filed a Petition with the Commission seeking a Declaratory Order for valuing or re-valuing this property to be acquired by SCE&G before inclusion of the full purchase price in its electric utility rate base.

This matter came before this Commission for hearing on Wednesday, November 30, 1994, at 10:30 A.M., the Honorable Rudolph Mitchell presiding. William Larry Porter, Esquire, and Richard Whitt, Esquire, represented Duke Power Company, Belton T. Zeigler, Esquire, represented South Carolina Electric & Gas, Elliott F. Elam, Jr., Esquire, represented the Consumer Advocate for the State of South Carolina, and F. David Butler, General Counsel,

represented the Commission Staff.

SCE&G presented the testimony of Mark Cannon to explain a Stipulation entered into among Duke Power Company, South Carolina Electric & Gas Company, and the Consumer Advocate for the State of South Carolina. (See Exhibit A attached hereto.) According to the Stipulation, the parties, including the Consumer Advocate, have exchanged information concerning the proposed acquisition among themselves and with the Staff of the Commission, and thereafter reached a Stipulation. First, the parties stipulated and agreed that the disposition of the Urquhart Turbine on the terms set forth in the sales agreement between Duke Power Company and South Carolina Electric & Gas Company entered into as of July 25, 1994, and pursuant to the terms set forth in the Petition in this matter may be authorized by this Commission pursuant to Section 58-27-1300 of the Code of Laws of South Carolina (1976, as amended) subject to the rights reserved to the Consumer Advocate.

The parties stipulated and agreed that the Consumer Advocate would retain the right to challenge the prudence of the acquisition of the Urquhart Internal Combustion Unit by SCE&G and/or challenge the reasonableness of the purchase price of that unit in the first retail rate proceeding filed by SCE&G subsequent to the Stipulation. Further, the parties agreed that, subject only to the rights reserved to the Consumer Advocate, South Carolina Electric & Gas Company should be allowed to book an acquisition adjustment related to its acquisition of Urquhart Steam Turbine Unit No. 3 sufficient to create a net increase in its rate base as a result of the acquisition equal to the full purchase price paid to Duke of

approximately \$1.1 million.

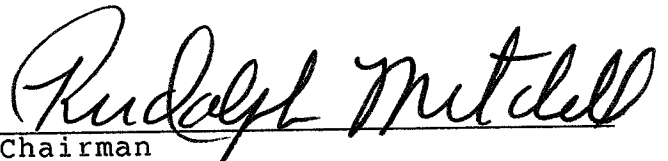
The Commission has examined the terms of the Stipulation, believe that it is fair and reasonable to all parties, is in the public interest, and that it is appropriately entered into under Section 58-27-1300 of the South Carolina Code. We believe that the Stipulation should be approved.

IT IS THEREFORE ORDERED THAT:

1. The October 12, 1994, Stipulation among the South Carolina Consumer Advocate, Duke Power Company, and South Carolina Electric & Gas Company with regard to the disposition of Urquhart Internal Combustion Unit No. 3 is hereby approved and is hereby made the Order of this Commission.

2. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)

POSTED
11-7-94
JH

BEFORE

THE PUBLIC SERVICE COMMISSION

SOUTH CAROLINA

DOCKET NO. 94-390-E

OCTOBER 12, 1994

S. C. PUBLIC SERVICE COMMISSION

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ACCEPTED

Adm. CW 11-7-94 JH
Legal 2AB 11-7-94
Enl. RBN 11-7-94
Trans. _____

IN RE:

Duke Power Company - Petition for)
Approval of Transfer of Property in South)
Carolina to South Carolina Electric & Gas)
Company and Petition for Declaratory)
Order by South Carolina Electric & Gas)
Company.)

STIPULATION AMONG
THE SOUTH CAROLINA
CONSUMER ADVOCATE,
DUKE POWER COMPANY,
AND SOUTH CAROLINA
ELECTRIC & GAS COMPANY

WHEREAS, the Parties to this Stipulation are the Consumer Advocate for the State of South Carolina ("Consumer Advocate"), Duke Power Company ("Duke"), and South Carolina Electric & Gas Company ("SCE&G"), all collectively referred to herein as the "Parties";

WHEREAS, the Parties represent all the Parties of record in Docket No. 94-390-E apart from the Staff of the South Carolina Public Service Commission.

WHEREAS, on July 17, 1994, Duke Power Company filed an Application for approval of disposition of Urquhart Internal Combustion Unit No. 3 located on Beech Island, South Carolina;

WHEREAS, on July 27, 1994, South Carolina Electric & Gas Company filed a Petition for Declaratory Order in the same docket seeking authorization to purchase Urquhart

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Internal Combustion Unit No. 3 from Duke Power Company and to include it in its rate base at its full purchase price;

WHEREAS, on August 18, 1994, the Consumer Advocate of the State of South Carolina petitioned to intervene in these dockets on behalf of rate payers in the State of South Carolina;

WHEREAS, the Parties have exchanged information concerning the proposed acquisition among themselves and the Staff of the South Carolina Public Service Commission, and have reached the following stipulations and agreements;

WHEREFORE the Parties stipulate and agree as follows:

1. The Parties stipulate and agree that the disposition of the Urquhart Turbine on the terms set forth in the Sales Agreement between Duke Power Company and South Carolina Electric & Gas Company, entered as of July 25, 1994, and pursuant to the terms set forth in its Petition in this matter may be authorized by the Commission pursuant to Section 58-27-1300 of the Code of Laws of South Carolina (1976), subject to the rights reserved below to the Consumer Advocate.

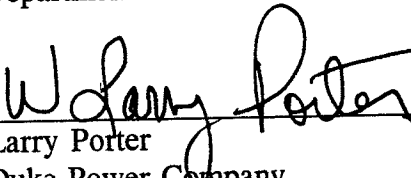
2. The Parties stipulate and agree that the Consumer Advocate shall retain the right to challenge the prudence of the acquisition of Urquhart Internal Combustion Unit No. 3 by SCE&G, and/or challenge the reasonableness of the purchase price of that unit, in the first retail rate proceeding filed by SCE&G subsequent to this Stipulation.

3. Subject only to the rights reserved to the Consumer Advocate above, the Parties stipulate and agree that South Carolina Electric & Gas Company should be allowed to book an acquisition adjustment related to its acquisition of Urquhart Steam Turbine Unit No.

3 sufficient to create a net increase in its rate base as a result of the acquisition equal to the full purchase price paid Duke of approximately \$1.1 million.

WITNESS our signatures below:

Nancy V. Coombs
Department of Consumer Affairs



Larry Porter
Duke Power Company


Belton T. Zeigler
South Carolina Electric
& Gas Company

3 sufficient to create a net increase in its rate base as a result of the acquisition equal to the full purchase price paid Duke of approximately \$1.1 million.

WITNESS our signatures below:


Department of Consumer Affairs

Larry Porter
Duke Power Company


Belton T. Zeigler
South Carolina Electric
& Gas Company